The fiscal year ended December 31, 2016

(1)Analysis of Results of Operations

1) Results of operations for the fiscal year ended December 31, 2016

Consolidated Income Statement for the Fiscal Year ended December 31, 2016 (millions of yen)

	FY2015 (A)	FY2016 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Sales	11,001	10,494	(506)	(4.6%)
Operating income	2,111	1,716	(395)	(18.7%)
Ordinary income	1,983	1,583	(400)	(20.2%)
Profit attributable to owners of parent	1,300	1,079	(221)	(17.0%)
No. of Tankcontainers (as of December 31)	6,113	6,756	+643	(10.5%)
Utilization rate (over 12 months)	73.6%	69.2%	(4.5%)	

During the fiscal year ended December 31, 2016, while the Japanese economy saw a slowdown in recovery of capital expenditure due to deteriorating corporate earnings resulting from the strengthening of Japanese yen and deceleration of emerging economies, private consumption was picking up against the backdrop of high growth of real wage income thanks to a rise in employment and lower inflation rate. Amid such an environment, outlook for the domestic economy remained unclear since the UK citizens voted to leave the European Union. On the other hand, the victory of Mr. Trump in the U.S. presidential campaign caused higher U.S. interest rates and a stronger U.S. dollar against the Japanese yen, and expectations about upward corporate earnings after November has underpinned business sentiment.

Looking at the global economy, in the U.S., private consumption remained strong, external demand and inventory investment drove economic growth. In addition, expectation for the new U.S. President's economic policy would sustain the economic recovery driven by private consumption. In Europe, though private consumption was steady thanks to improvements in employment and income level, the European economy has not shown any sign of acceleration even in an extraordinarily accommodative financial environment, as exemplified by the slowed growth of capital expenditure. In China, while private companies' willingness to invest declined on the demand side, consumption remained robust on the back of continued rise in income level and its associated increase in purchasing power among the middle class. And with infrastructure investments showing high growth, economic slowdown has been mitigated.

Under such circumstances, the Group conducted vigorous sales activities, and the volume of export transactions from Japan, import transactions, and domestic transactions as well as third-country trade (which does not transit through Japan) significantly increased compared to the previous fiscal year. However, throughout the year, the Japanese yen continued to be higher than the previous fiscal consolidated year, and in the Group's core business of international

logistics, where it is common practice to conduct transactions denominated in the U.S. dollar, sales were at ¥10,494 million.

In terms of profits, we secured ¥1,716 million of operating income. This was thanks to the entire Group working as one to advance sales promotion activities, even when cost of sales rose due to increased depreciation from continuous aggressive capital investments for future development, as well as cost related to adjustments for geographical allocation of tank containers in view of transportation needs for the next fiscal year. Ordinary income was ¥1,583 million, decrease of interest expenses by ¥54 million from previous year, through reduction of interest-bearing debts and decline in interest rates for funding, offset ¥5 million of foreign exchange losses (¥103 million of foreign exchange gains in the same period last year) and ¥33 million of losses on cancellation of derivative contracts arising from refinancing with lower interest loans. Thus, profit attributable to owners of parent, after income taxes and other deductions, was ¥1,079 million.

2) Outlook for the next fiscal year

The Japanese economy in 2017 is expected to see the effect of a strong yen coming to an end, while both exports and capital expenditure will pick up amid a modest recovery in personal consumption caused mainly by improvement of employment and income level as well as increased real wage income driven by lower commodity price.

On the other hand, the global economy still faces concerns about economic slowdown due to uncertainties around new president's policies in the U.S. (though booming economy is expected to continue), persistent low growth in Europe, and decline in growth potential of China.

Amid these conditions, the Group will focus on capturing export transactions from Japan, which is regaining price competitiveness from a weaker yen. Also, we will strengthen the alliance within the Group and maintain proper inventory level of tank containers in each area, while raising the volume of imports and third-country trade (which do not transit through Japan). The Group will steadily increase sales through these efforts.

On the other hand, domestically, Keiyo Rinkai Branch, the seventh domestic office following the Mizushima Branch (established in August 2015), started its operation in February 2017. The Group will stably expand transactions by fully utilizing its logistics network covering major industrial areas and respond to demands from Domestic One-Way Transport Service and value-added services.

As a result of the above, the Group's forecast for the next fiscal year calls for ¥11,024 million in sales, ¥1,790 million in operating income, ¥1,725 million in ordinary income and ¥1,213 million in profit attributable to owners of parent, assuming an exchange rate of ¥110.00 to the U.S. dollar.

(2) Analysis of Financial position

1) Status of Assets, Liabilities and Shareholders' equity

Consolidated Balance Sheet as of December 31, 2016 (millions of yen)

ASSET	FY2015 (A)	FY2016 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current assets	4,147	3,922	(225)	(5.4%)
Total non-current assets	10,822	10,897	+74	+0. 7%
Deferred assets	1	0	(0)	(92.7%)
Total	**14,971**	**14,819**	**(151)**	**(1.0%)**

LIABILITIES AND SHAREHOLDERS' EQUITY	FY2015 (A)	FY2016 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current liabilities	3,256	2,884	(372)	(11.4%)
Total non-current liabilities	5,359	4,892	(467)	(8.7%)
Total liabilities	**8,616**	**7,777**	**(839)**	**(9.7%)**
Shareholders' equity	6,283	7,022	+739	+11.8%
Total accumulated other comprehensive income	72	20	(51)	(72.0%)
Total Shareholders' equity	**6,355**	**7,042**	**+687**	**+10.8%**
Total	**14,971**	**14,819**	**(151)**	**(1.0%)**

(a) Assets

Total current assets fell by ¥225 million yen (5.4% decrease) as compared to the end of the previous fiscal year, to ¥3,922 million. This was primarily due to declines of ¥26 million in account receivable-trade and ¥222 million in other current assets, despite an increase of ¥38 million in cash and deposits.

Total non-current assets increased by ¥74 million (0.7% increase) when compared to the end of the previous fiscal year, to ¥10,897 million. This was primarily due to respective decreases of ¥32 million in machinery, equipment and vehicles (net) ¥422 million in tank containers (net) owing to depreciation, increases of ¥297 million and ¥210 million in land and construction in progress, respectively, in association with preparation for the opening of Keiyo Rinkai Branch.

As a result, total assets decreased by ¥151 million (1.0% decrease) when compared to the end of the previous fiscal year to ¥14,819 million.

(b) Liabilities

Total current liabilities decreased by ¥372 million (11.4% decrease), as compared to the end of the previous fiscal year, to ¥2,884 million. This was primarily due to increases of ¥2 million in accounts payable-trade, ¥56 million in short-term loans payable and ¥13 million in lease obligations despite decreases of ¥114 million in current portion of loans payable, ¥40 million in current portion of bonds payable and ¥237 million in income taxes payable.

Total non-current liabilities fell by ¥467 million (8.7% decrease), when compared to the end of the previous fiscal year, to ¥4,892 million. This was primarily due to decreases of ¥30 million in bonds payable, ¥363 million in long-term loans payable, ¥29 million in lease obligations and ¥32 million in other non-current liabilities.

(c) Shareholders' equity

Total shareholders' equity rose ¥687 million (10.8% increase) as compared to the end of the previous fiscal year to ¥7,042 million. This was primarily due to an increase of ¥739 million in retained earnings, against a decline of ¥51 million in foreign currency translation adjustment.

2) Status of Cash Flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of fiscal year ended December 31, 2016 rose by ¥38 million compared to the end of the previous fiscal year to ¥2,564 million. The status of cash flows for the fiscal year ended December 31, 2016 and the related factors are as described below.

(a) Net cash provided by operating activities

Funds provided by operating activities resulted in a cash inflow of ¥1,945 million (compared to a cash inflow of ¥2,061 million for the previous fiscal year). This was primarily due to profit before income taxes of ¥1,578 million, depreciation and amortization of ¥864 million and income taxes paid of ¥747 million.

(b) Net cash used in investing activities

Funds used in investing activities resulted in a cash outflow of ¥678 million (compared to a cash outflow of ¥697 million for the previous fiscal year). This was primarily due to construction of company dormitory and preparation for the opening of Keiyo Rinkai Branch.

(c) Net cash used in financing activities

Funds used in financing activities resulted in a cash outflow of ¥1,176 million (compared to a cash outflow of ¥1,186 million for the previous fiscal year). This was mainly because of cash inflow from short-term loans payable and long-term loans payable amounting to ¥2,780 million, while cash outflow from the repayment of short-term loans and long-term loans,

repayment of lease obligations and redemption of bonds amounting to ¥3,581 million, payment of dividends amounting to ¥340 million.

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